

Office of Management and Budget

Purchasing

August 14, 2006

Policy 300 – Purchasing Card

General Policy

The State has authorized the use of a purchasing card (Pcard) for individual transactions. **(Use of the purchasing card does not exempt the agency or its employees from the purchasing / procurement requirements of the State of North Dakota.)** Individual credit limits, including card and cycle limits, vary as determined by agency. To assure the effectiveness of the program, the policy and procedures in this section must be followed by agencies using the purchasing card. Failure to use the purchasing card in accordance with applicable policies and procedures may result in revocation of the purchasing card and may involve appropriate disciplinary action, up to and including termination and prosecution. Policy and procedure violations include, but are not limited to:

- Purchasing items with the card for personal use.
- Failure to return the card when reassigned, terminated, or upon request.
- Failure to submit proper transaction documentation to the appropriate person in a timely manner.
- Transferring assignment of the card to another individual.
- Repeatedly allowing sales tax to be charged when the purchases are tax exempt.

The purchasing card should not be used for tax (1099) reportable services to prevent difficulties in reporting to the IRS. It is acceptable to use the card for training, conference registrations, and other non-reportable services. The agency is responsible for any tax (1099) reporting requirements that result from using the purchasing card for such services.

To help ensure the adequacy of internal control surrounding agency purchasing card programs, the agency Pcard administrator / authorized signer(s) may not be cardholders. However, if agency size or other constraints make this unfeasible, OMB may assume card maintenance duties for an agency. Contact OMB for more information regarding card maintenance.

Processing

- A speedchart must be assigned to each GE purchasing card.
- All purchasing card transactions will be paid centrally by the Office of Management and Budget (OMB).
- Pcard transactions will be posted to PeopleSoft per the default PeopleSoft speedchart/chartfields assigned to each purchasing card. If reallocation of purchasing card transactions is necessary, agencies have the ability to reallocate them in PeopleSoft before the payment is made to the credit card company.
- The State's Pcard billing cycle is the 3rd of one month to the 2nd of the next month. OMB will electronically download transactions into PeopleSoft on the 3rd of each month (or next business day if on a weekend or holiday). Agencies will be notified when transactions have been downloaded and the deadline for reallocation.

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- OMB will create a voucher in PeopleSoft to generate an ACH payment to the credit card company. Agencies will receive an ACH advice slip showing them the total amount paid by their Business Unit.
- For detail Pcard accounting processes, refer to the OMB Purchasing Card Manual at <http://www.nd.gov/fiscal/docs/purchcardmanual.pdf>

Responsibilities

The following sections are the minimum requirements for the responsibilities of the cardholder, and reviewer:

Cardholder

Each cardholder is responsible for the following activities:

- Safeguard the purchasing card.
- Keep receipts from each purchase as well as credit receipts.
- Receive cardholder statement from purchasing card company.
- Reconcile cardholder statement and receipts. Sign and date cardholder statement to attest that all purchases are for state business and comply with all applicable rules and regulations.
- Forward the signed and reconciled cardholder statement with original receipts to designated reviewer.
- Notify supervisor, OMB, and GE immediately in the event of a lost or stolen purchasing card.
- Give purchasing card to supervisor if employment is terminated or if transferred to another agency/division..
- Resolve disputes as described below and in the Purchasing Card Manual.

Returns, Credits and Disputed Items

Individual cardholders are responsible for following up with the merchant or bank on any erroneous charges, disputed items, or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect dollar amounts, duplicate charges, credits not processed, as well as fraud and misuse.

If the cardholder has a problem with a purchased item or billing resulting from use of the purchasing card, the cardholder should first try to reach a resolution with the supplier. In most cases disputes can be resolved directly between the cardholder and the vendor.

Credits: Referring to the receipt/invoice, request the merchant place a credit on the card account.

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Returns: A credit should be issued for any item that the vendor has approved for return. The credit will appear on a subsequent cardholder statement. Any returned item purchased with the purchasing card must be returned for credit. Do not accept a refund in cash or check.

Maintain documentation of all credits, returns, and exchanges to be attached to the monthly account statement.

Disputed Items: If the cardholder has a disputed charge and cannot reach resolution with the vendor, the agency Pcard administrator must complete the GE online Dispute Form in [NetService at https://www.genetservice.com](https://www.genetservice.com) within 60 days of the post date. If 60 days have passed, the Pcard administrator should still complete the form. It will be honored at GE's discretion.

Declines

If a card is declined at the point of sale, the cardholder should contact the agency or state Pcard administrator. They can see why it is being declined and will be able to manually authorize the charge, if appropriate. Some reasons for a decline include:

- The cardholder has failed to activate the card by calling the toll free number listed on the sticker placed on the front of the card.
- The cardholder has exceeded the designated single or monthly transaction limit.
- The cardholder attempts to use the card for a blocked supplier category.

Reviewer

The cardholder's supervisor, agency Pcard administrator or another designated employee (other than cardholder) should:

- Review information submitted by cardholder. The amount of review will depend on a number of factors but the reviewer should, at a minimum, periodically compare receipts to the cardholder statement submitted by the cardholder.
- Verify purchases are for use in state business. Sign cardholder statement to certify that purchases are for state business purposes and comply with appropriate rules and regulations to the best of the reviewer's knowledge.
- Maintain on file, cardholder statements with original receipts.
- The card must not be used for personal transactions. If personal transactions occur, the employee must repay the state, including any applicable sales tax. Even though tax is not charged by the merchant, the employee must remit the tax to the State Tax Commissioner.
- If it is determined that personal or other unauthorized charges are occurring on the purchasing card, appropriate steps, up to and including dismissal, will be taken to resolve the misuse/abuse of the purchasing card.